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C.I.A. Says Soviet Can Almost Do Without

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WASHINGTON, Jan. 8 — The Central Intelligence Agency, in a study of the Soviet economy, concludes that the Soviet Union's ability to live without imports is much greater than that of most, possibly all, other industrialized economies.

The report, delivered to the Joint Economic Committee of Congress on Dec. 1 by Henry Rowen, chairman of the C.I.A.'s National Intelligence Council, seems to support the argument that American trade embargoes against the Soviet Union have only limited effect.

The Reagan Administration has sought to tighten Western controls on trade to the Soviet Union to bring political pressure on Moscow, a policy often at odds with European allies and with some American businessmen.

Capital, Technology and Food

The C.I.A. report said that for the last decade the Soviet Union has used trade with the West to help modernize its economy and make it more efficient. It said that the Russians had relied on imports of capital and technology to increase or maintain production of some raw materials and that food imports had "become critical" to maintaining a quality diet.

Imports of grain and other agricultural products, it said, meant primarily to prevent a decline in meat consumption, cost the Russians \$12 billion in 1981, or 40 percent of their hard-currency purchases that year.

But Mr. Rowen said that "despite the large-scale expansion in agricultural imports, the Soviet Union remains basically self-sufficient with respect to food."

He said the average Soviet citizen consumes about 3,300 calories a day, as against 3,520 for an American. The report showed that the Soviet diet consists of far more grain and potatoes than the American diet, but less fish and meat and less sugar. And Mr. Rowen said that grain production in the Soviet Union "is more than sufficient to meet consumer demand for bread and other cereal products."

The report said trade with the West amounted to only 5 percent of the Soviet gross national product. But it seemed to agree with some Administration policy makers when it said the Russians would have to import 15 million to 20 million tons of steel pipe in the next seven years to build the pipelines it has planned, and will need "sophisticated" exploration equipment for its oil and natural gas fields. The Administration has tried to block those exports in particular, provoking feuds with Western governments that have contracted to provide the equipment.

An Ability 'to Remain Viable'

Imports from the West, Mr. Rowen said, "can play an important role in relieving critical shortages, spurring technological progress and generally improving Soviet economic performance." But he added that "the ability of the Soviet economy to remain viable in the absence of imports is much greater than that of most, possibly all, other industrialized economies."

"Consequently," he concluded, "the susceptibility of the Soviet Union to economic leverage tends to be limited."

The Soviet Union has always put great emphasis on self-sufficiency. This dates from the earliest days after the 1917 revolution, when most foreign countries did not recognize the Soviet regime, and it continued as a result of the isolation the country experienced in World War II.

Mr. Rowen's report was prepared at the request of Senator William Proxmire, Democrat of Wisconsin. The Senator, who is vice chairman of the subcommittee on international trade, finance and security economics, had asked for "a balanced assessment" of the strengths and weaknesses of the Soviet economy.

This was the second C.I.A. report in a month to point out strengths in the Soviet economy.

Imports

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Mr. Rowen said the C.I.A. agreed with Mr. Proxmire that "confusion surrounding the Soviet economy abounds."

"Western observers have tended to describe Soviet economic performance as 'poor' or 'deteriorating' at a time when Soviet defense spending continues to rise, overall Soviet gross national product in real terms continues to increase and Soviet G.N.P. is second in size only to that of the United States," he said, noting the apparent contradictions.

As a result of recent declines in the rate of growth, the gap between performance and expectations, and the lack of economic efficiency, "the record compiled by the Soviet economy in recent years has indeed been poor," he said.

"Results that are unsatisfactory when measured by this yardstick, however, do not mean that the Soviet economy is losing its viability as well as its dynamism," the C.I.A. official said.

"In fact, we do not consider an economic 'collapse' — a sudden and sustained decline in G.N.P. — even a remote possibility," he said.

The C.I.A. projects, he said, that Soviet economic growth "will remain slow but positive," averaging 1 to 2 percent "for the foreseeable future," although per capita consumption might level off or drop slightly.

Energy Production Rises

Mr. Rowen said that natural gas production had continued to increase at a rapid rate, 8 percent in 1982, and that energy as a whole was increasing, with oil up by about 1 percent and coal 2 percent in the past year. The Russians have also improved their trade with the West, cutting their deficit from \$4 billion in 1981 to \$2 billion in 1982.

The Soviet gross national product in 1982 was estimated at \$1.6 trillion, or \$6,000 per capita, roughly 55 percent of the American gross national product.

The C.I.A. estimated Soviet gold reserves at 200 million troy ounces, giving it 35 percent of the world total. Production in 1981 was estimated at 325 tons and its stock at about 1,900 tons, worth over \$25 billion at current prices.

The report said a major weakness in the economy was the declining growth of the work force, with only 9 million expected to join in this decade as against 19 million in the 1970's.

Agriculture remains the weakest link. Grain production achieved a record high of 237 million tons in 1978 but has not reached 190 million tons since then. The report also highlighted problems in poor administration, bottlenecks in industry, an overworked railroad system and depletion of many mineral reserves.